British Waterways

MANAGING BUSINESS GROWTH

An extract from Our Plan for the Future 2005-2009

Making effective use of our assets continues to generate significant income for us, and ensures that the waterways are here for the long-term.

Over the next five years, we believe we can grow our business to earn the additional income needed to keep our waterways in a satisfactory condition.

We manage our business by segmenting it into the following areas:

- Waterway Management
- Leisure
- Restoration
- Property
- Ventures
- Fixed and Operating Costs

MEASURING OUR FINANCIAL PERFORMANCE

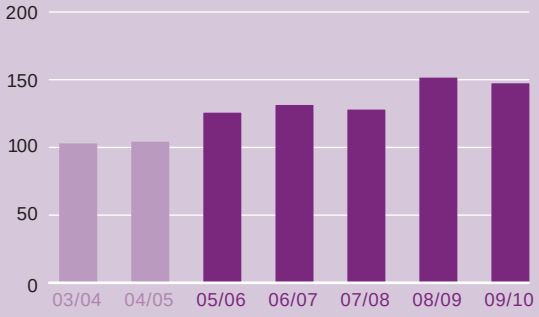
We measure our performance in a number of ways to ensure that we are making the most effective use possible of all our assets. As well as measuring traditional financial returns as profits or losses we monitor the cost of the capital the business needs to make these financial returns. This includes a measure we call Economic Value Created or EVC.

Our people have to understand the current and potential performance of their part of the business in these terms. This helps ensure the right sort of management decisions are taken and the optimum levels of capital are employed.

We are already starting to see the benefit of this approach, for example in our operational property estate (land and buildings which we occupy). Most of our premises are freehold and there is therefore often no rent charge in the accounts for using these buildings.

In fact, of course, there is money tied up in the value of that property that could otherwise be re-invested in the waterways. EVC helps make the full impact of occupying the property clear to managers. As a result we have been much more effective in rationalising our operational estate, freeing up land and buildings to generate income for our core purpose.

Total Income £m*



*Excluding government grant

More waterway income means we ▲ can spend more on dredging. Our contractors, Land and Water, are pictured here dredging on the Rufford Branch of the Leeds & Liverpool Canal.

If you like to know more about how our plans could affect you, please visit our website at www.britishwaterways.co.uk/plan